

Data Suggests Regional Printing Association Members Outperform Non-Members: What Association Benefits Help Their Success?

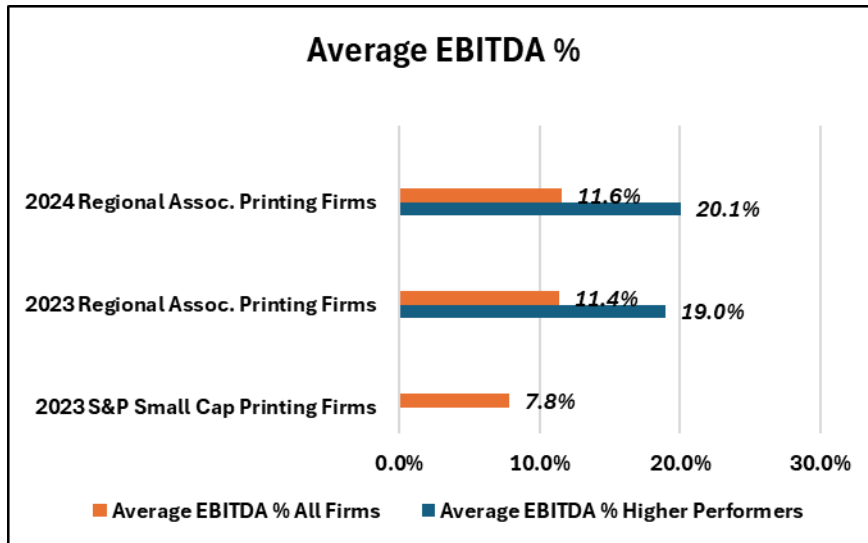
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Our recent financial benchmarking surveys suggest that regional printing association members produce higher Earnings-before-interest-taxes-depreciation-and-amortization (EBITDA) than national industry averages (see our appendix). Indeed, our averages indicate that our respondents – all holding regional association membership – reported 46% higher EBITDA than the 2023 S&P Small Cap average for firms in the commercial printing industry.



However, we acknowledge that our sample size was relatively small. Also, it's possible that higher-performing firms were more likely to complete our survey – or join an association (correlation does not necessarily mean causation). Yet, those performance differences prompted us to look at industry associations from a broad view.

We found that there are thousands of industry associations (reflecting many industries) in the United States. Also, a recent study indicated that almost half of the industry associations in the United States reported membership growth. All this raised an interesting question: What unique

performance-enhancing benefits are firms receiving from regional printing associations? Why is joining a regional printing association a smart move?

To address this, we explored some contemporary articles (see the links in the footnotes below),¹ sought thoughts from regional printing association leaders, and applied our experiences. Here are a few of the association membership benefits we found.

Keeping up with industry trends – Yes, many printing industry reports are available. However, connecting with other association members and leaders may give you a more accurate and current view of what’s happening at firms like yours in your region.

Networking – A crystal ball for diving into the future is your network. Regional members often know what is coming locally well before it appears. Further, by networking with other regional association members, printing firm leaders may develop a source to discuss ideas and problems. Indeed, I have seen effective peer groups developed among regional printing association members. “Networking” is a common term, but we like “relationship building.”

Provides a voice for printing firms – If a member is concerned about a regional legislative issue or other issues (such as supply chain problems), they can voice their concerns to association leaders. Their association leaders appreciate being alerted to relevant problems, and association leaders may address an issue of concern. We’ve seen that occur multiple times over recent years. This is especially relevant to *regional* printing associations.

Regional legislative updates – Related to the point just above, regional printing associations can keep their members updated about potential legislative changes that could affect member firms regionally, but not nationally. This may help members prepare for coming changes before those changes are dropped in their lap.

Training opportunities – Training employees is a challenge, especially for small businesses with limited resources. Regional printing associations provide employee training material and programs. Regional travel and registration costs are often lower than for national training programs. Further, developing employees by connecting them to regional association training programs conveys the value a firm leader has in teammates. This enhances retention and positions the company to compete in the labor market for new employees.

¹ <https://www.forbes.com/councils/forbesbusinesscouncil/2023/01/06/how-joining-an-industry-association-can-amplify-your-business/>
<https://thebureaus.com/7-reasons-why-you-should-join-an-industry-association/>
<https://eeihr.com/blog/employment-expert/the-top-5-benefits-of-joining-an-industry-association/>
<https://www.forbes.com/councils/forbesbusinesscouncil/2023/01/23/taking-advantage-of-professional-associations-in-every-career-stage/>
<https://www.iiba.org/business-analysis-blogs/benefits-of-joining-a-membership-association/>

Leadership and strategic knowledge – I have spoken at regional printing association events and seen multiple speakers provide printing firm leaders with relevant, helpful, and actionable knowledge.

An ongoing expansion of knowledge – I receive multiple regional printing associations' e-newsletters and journals. Those communication channels provide members with knowledge relevant to the industry as a whole and, additionally, region-specific knowledge.

Group buying options – Multiple regional printing associations provide members with group buying options. Multiple company involvement reduces prices. This may include insurance, freight, health insurance, credit cards, 401k programs, and others.

Business acquisition, merger, or selling options – If you are considering one of those options, regional association leaders may connect you with other companies that might fit what you're seeking.

Enhanced supplier relationships – At regional association events, I have seen leaders of a printing firm and one of their suppliers step aside and engage in conversations that appear more profound than they have in busy business environments. These conversations may develop more strategic alignment between a printing firm and its supplier.

Strategic partners – Firms may find potential strategic partners through regional association membership and networking. For instance, consider a printing company that has an opportunity to publish perfect bound books for a potential customer, but they don't have the needed bindery equipment. And the potential revenue from those books does not justify acquiring that bindery equipment. Through engagement with a regional association, that company might identify a potential strategic partner to work with in landing that business...working together. Physical proximity enhances the partnership's profitability.

Yes, there's a long list of potential benefits from regional printing association membership. Multiple benefits mentioned above directly connect to "regional" printing associations with knowledge of the local industry players. I have seen and experienced these benefits for more than four decades. However, to leverage the potential benefits, you must do more than join the association – we learn others' skills and character by connecting with them, not merely sharing a cup of coffee – though that may be a good start.

Members who join a regional association AND participate in its offerings and activities are better positioned to compete than those who fly solo. Engage in association activities to get all you can from your regional association membership. As shown below, our findings suggest regional printing association members are nearly twice as strong as commercial printing firms in the S&P Small Cap. For the above and many more reasons, YES, regional printing association membership is a SMART move!

If you have questions or comments, please email Ralph. ralph.williams@mtsu.edu

APPENDIX

In our 2023 Financial Benchmarking study,

- The total sample of 104 firms produced an average EBITDA of 11.4%.
- The 35 higher-performing firms made 19% EBITDA.

In our 2024 Financial Benchmarking study,

- The total sample of 64 firms produced an EBITDA margin of 11.6%.
- The 15 higher-performing firms produced an average 20.1% EBITDA.

National commercial printing company performance falls short of our sample. In the S&P Small Cap commercial printing industry firms,²

- The 2023 EBITDA margin was 7.8%.
- For the last 12 months since October 2023, the EBITDA margin was 7.7%.

These consistent findings over two years reinforce the presence of solid-performing firms among regional printing association members. On average, regional printing companies in our sample outperformed S&P Small Cap commercial printers by 48% on EBITDA margin (11.5% versus 7.75%). However, remember that our sample size was small, and it's possible that higher-performing firms were more apt to complete our financial benchmarking survey. However, the number of industry associations in the U.S. and their recent growth suggest performance-enhancing benefits, which we describe above.

Thanks to Ian Flynn (VMA) and Jon Krueger (PIAG) for their helpful thoughts.

² Data source is S&P Capital IQ, Commercial Printing > Key Stats & Ratios